



Overview for
FMSIC/BRC Annual Conference

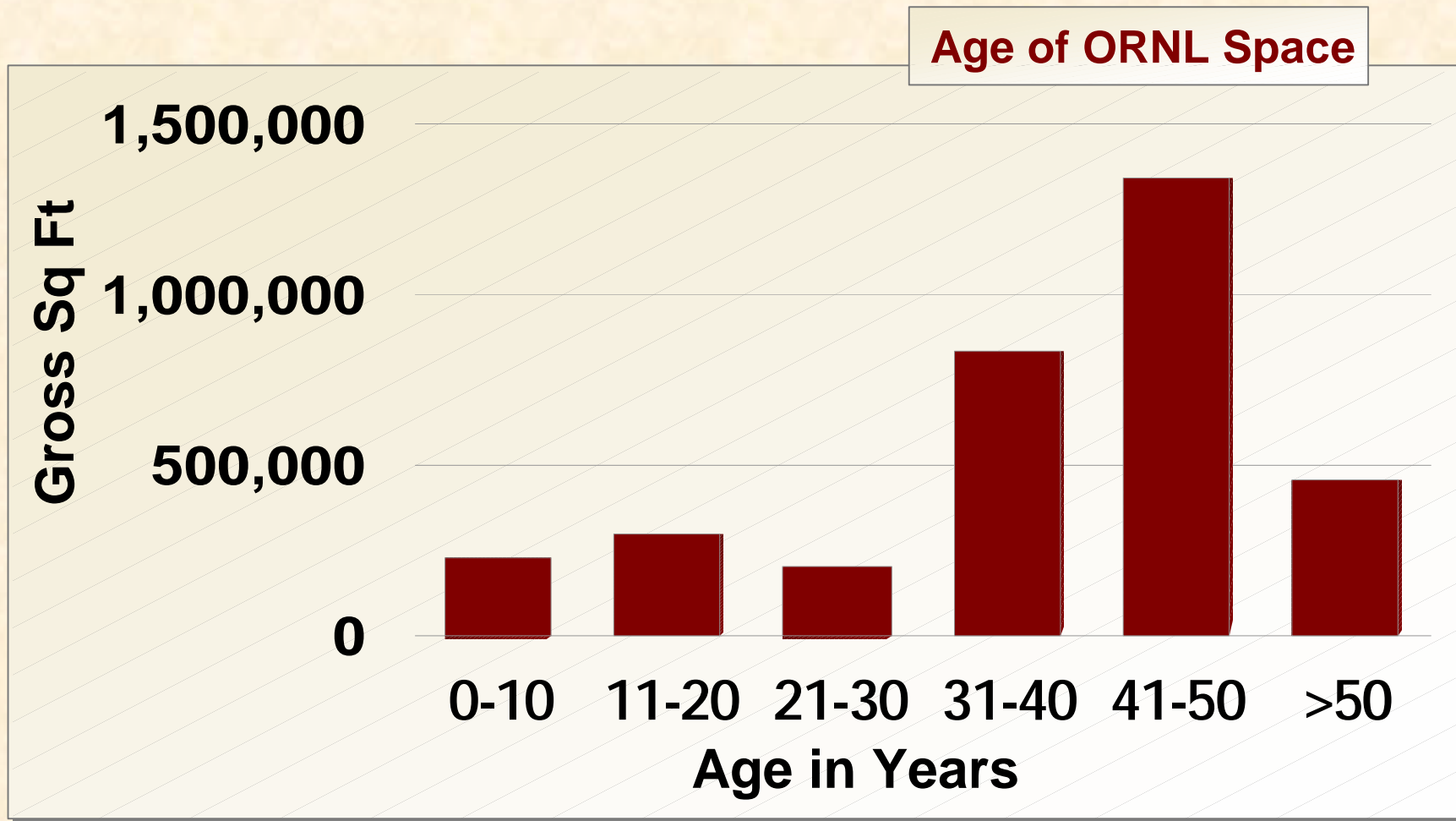
Facilities Modernization for Oak Ridge National Laboratory

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Oak Ridge National Laboratory

March 27, 2002
Conference Location - Bethesda, MD

OAK RIDGE NATIONAL LABORATORY
U. S. DEPARTMENT OF ENERGY

ORNL has a significant amount of aging facilities



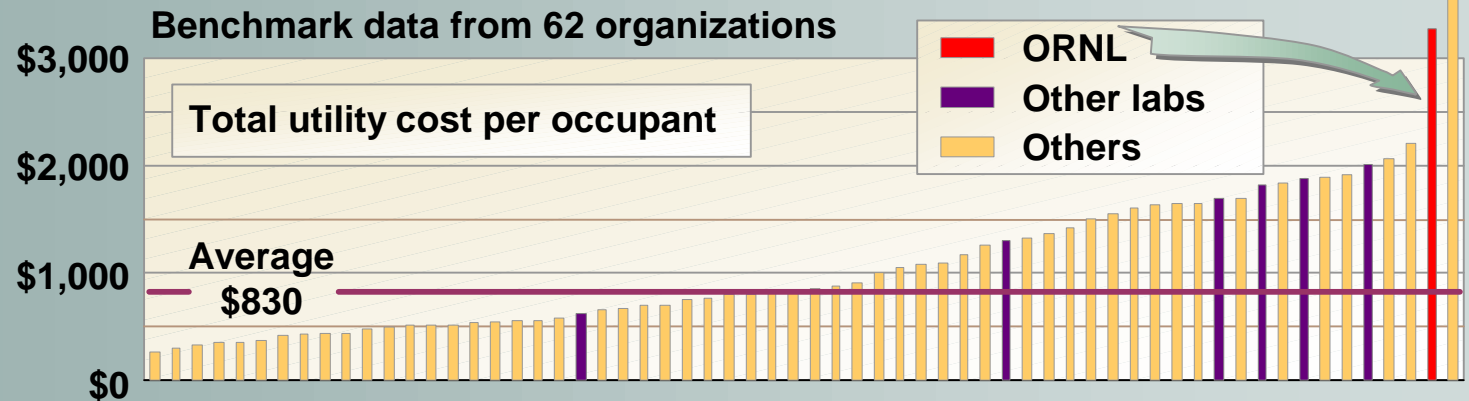
ORNL's aging infrastructure was impacting our ability to perform our mission

Inadequate functionality

- Unable to meet power demands
- Can't do mission specific work
- No room for next generation equipment



High operating costs



ES&H impacts

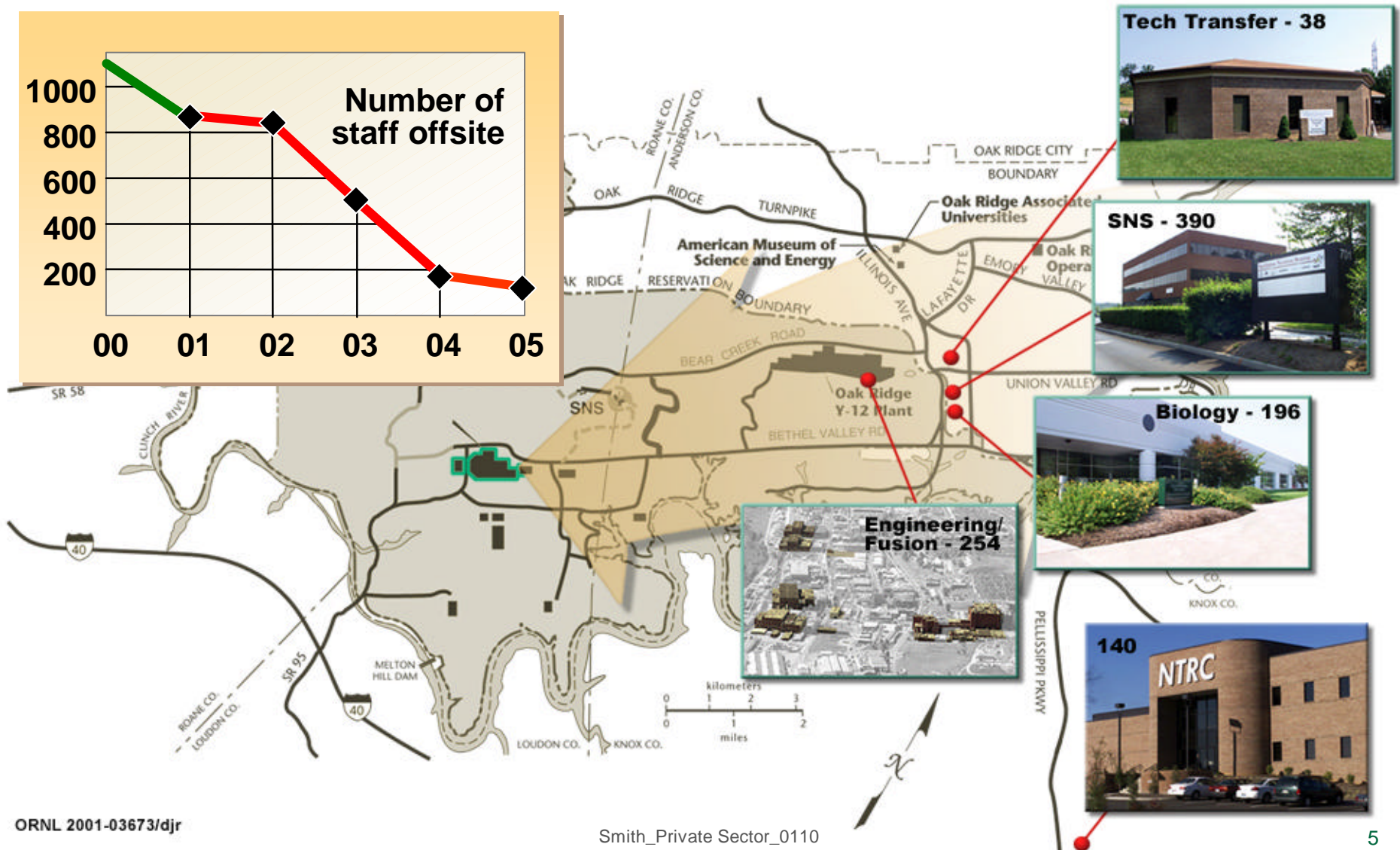
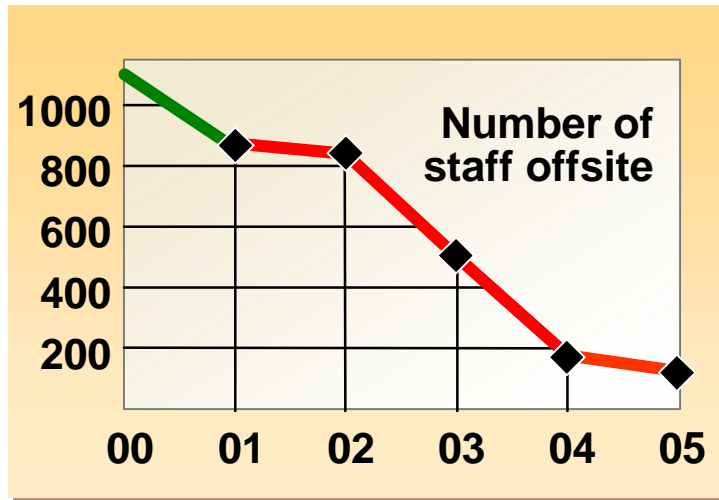
- Near miss occurrence – fallen concrete
- Subcontractor employee injured in fall from fixed ladder
- Failure in power supply to ventilation fans
- Electrician observes electrical arc – near miss

We are implementing a three part modernization strategy at ORNL



Consolidate staff at main site

By 2005 we will have consolidation activities complete



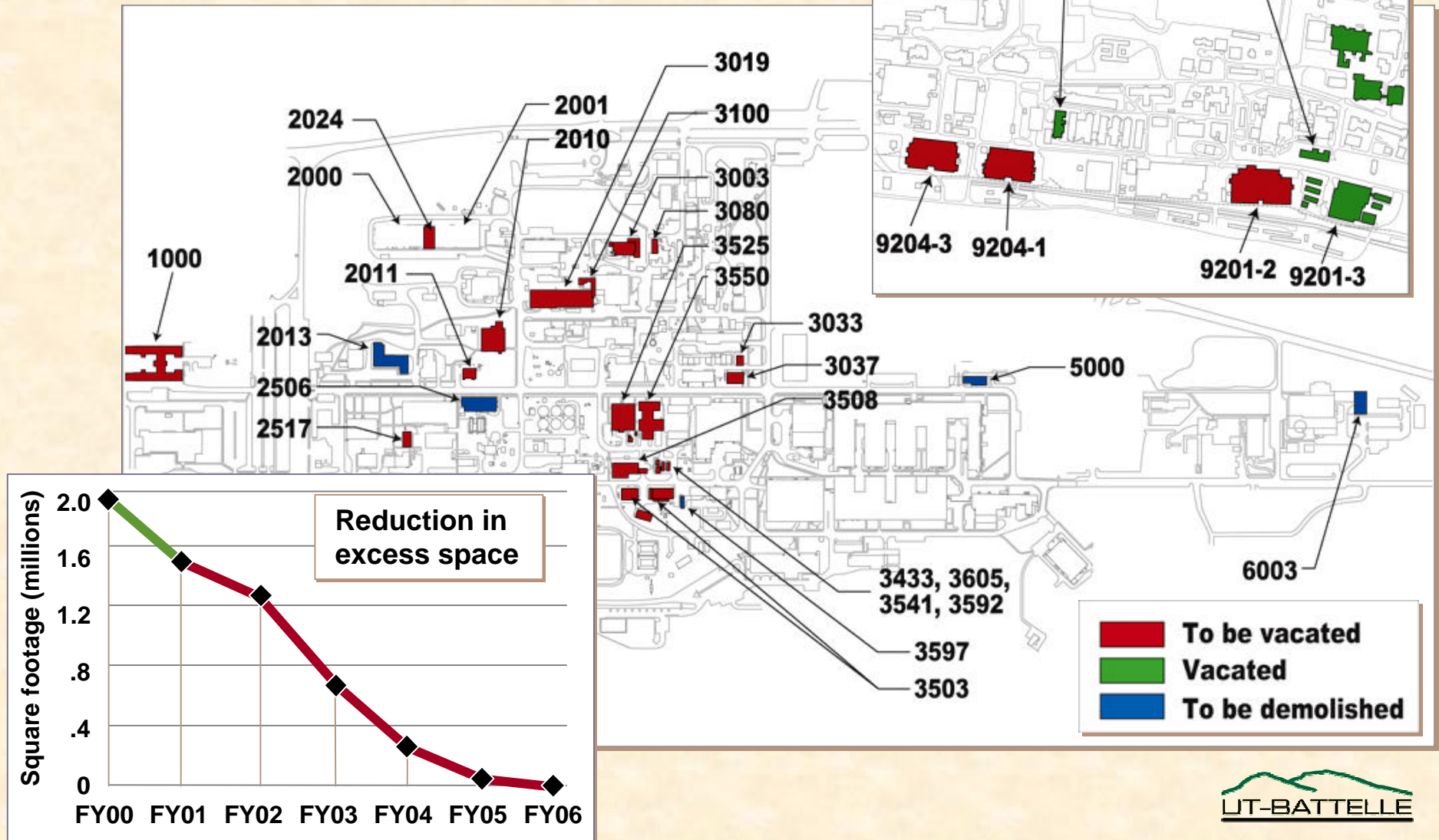
We are implementing a three part modernization strategy at ORNL

1 Consolidate staff at main site

2 Vacate old, expensive space

Our goal is to exit 1.8 million square feet of excess space

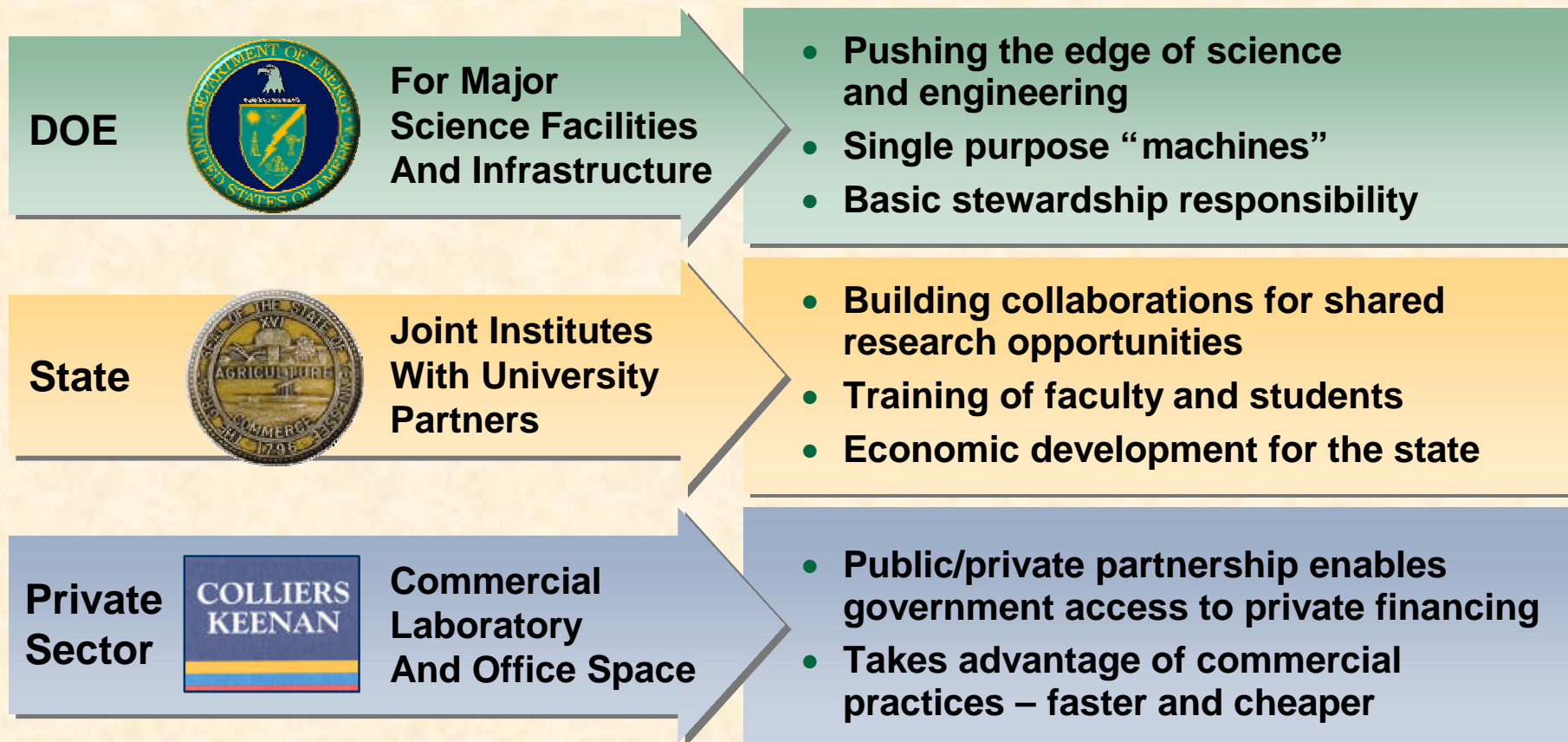
Y-12 locations



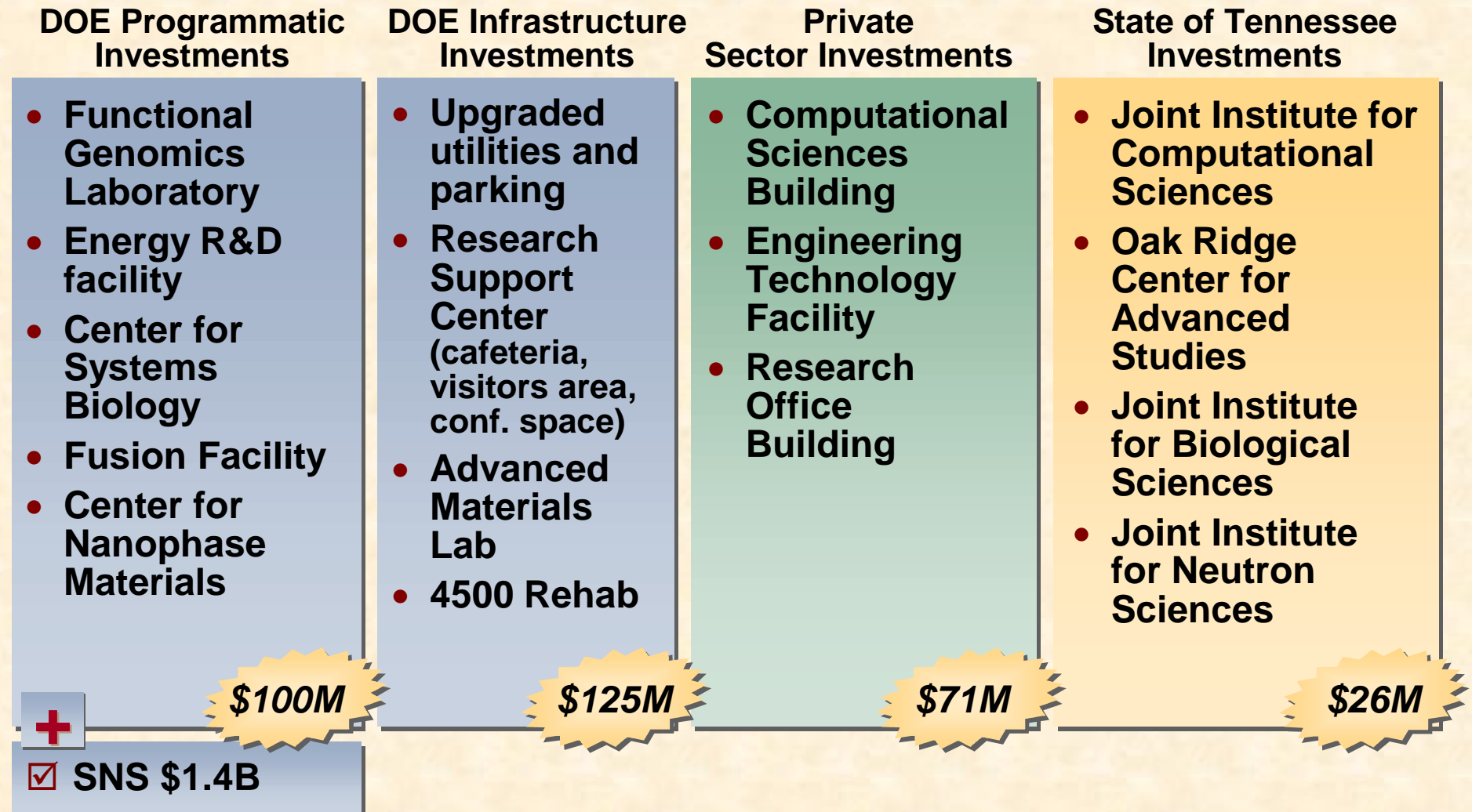
We are implementing a three part modernization strategy at ORNL

-  **1 Consolidate staff at main site**
-  **2 Vacate old, expensive space**
-  **3 Build new and refurbish key facilities**

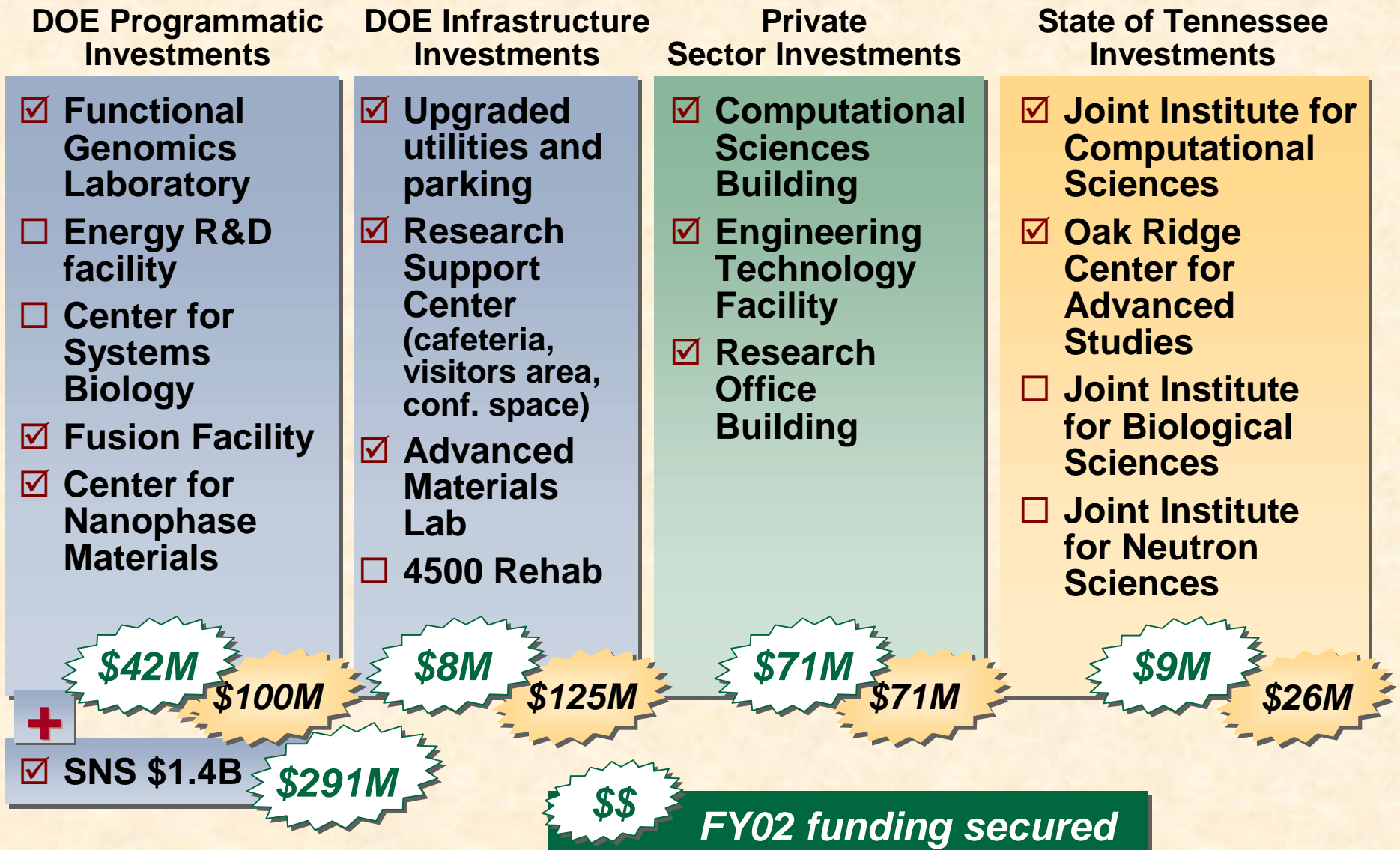
DOE expects UT-Battelle to address aging infrastructure at ORNL



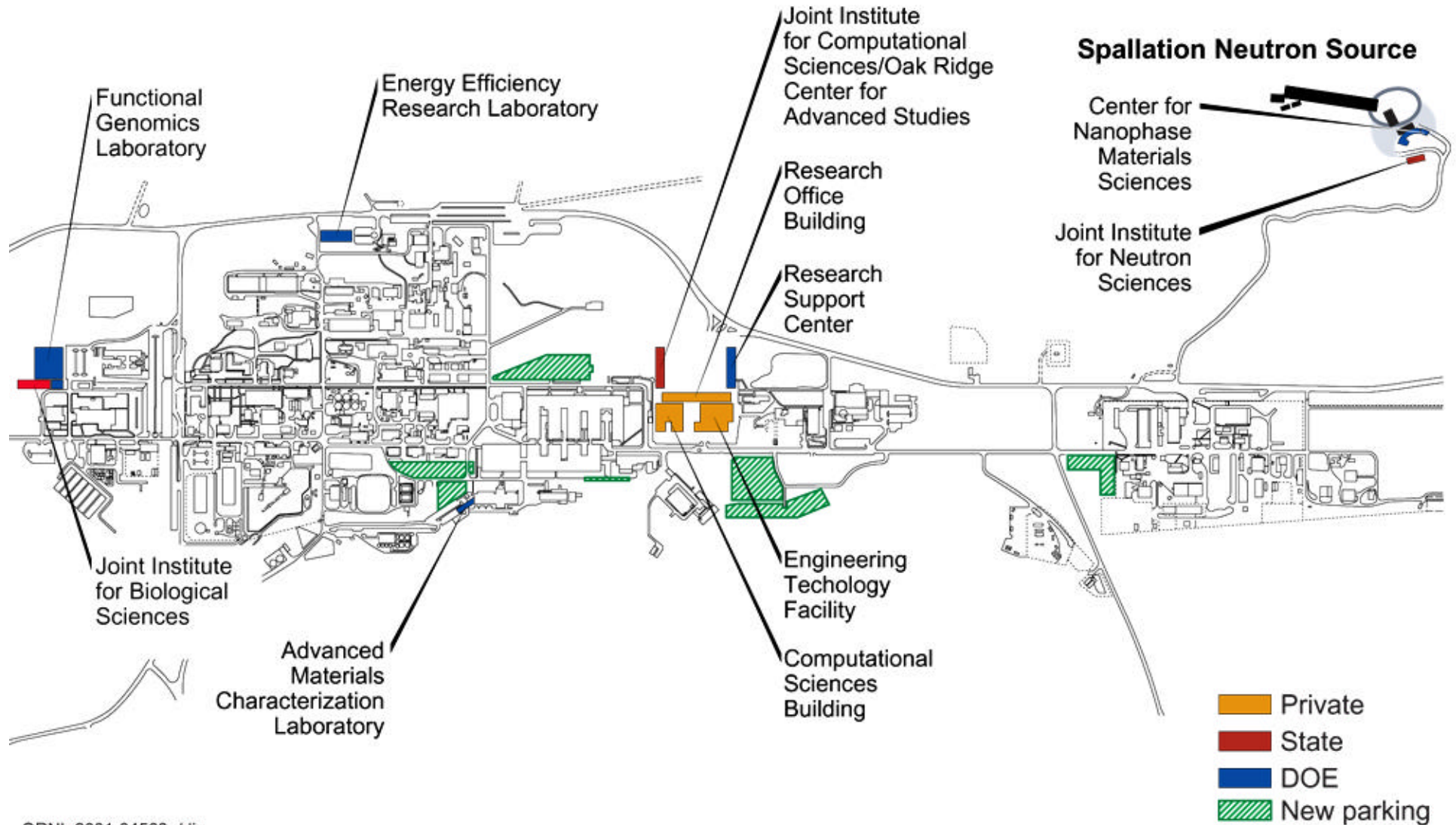
Investments are dominated by DOE, but State and private sector support is critical



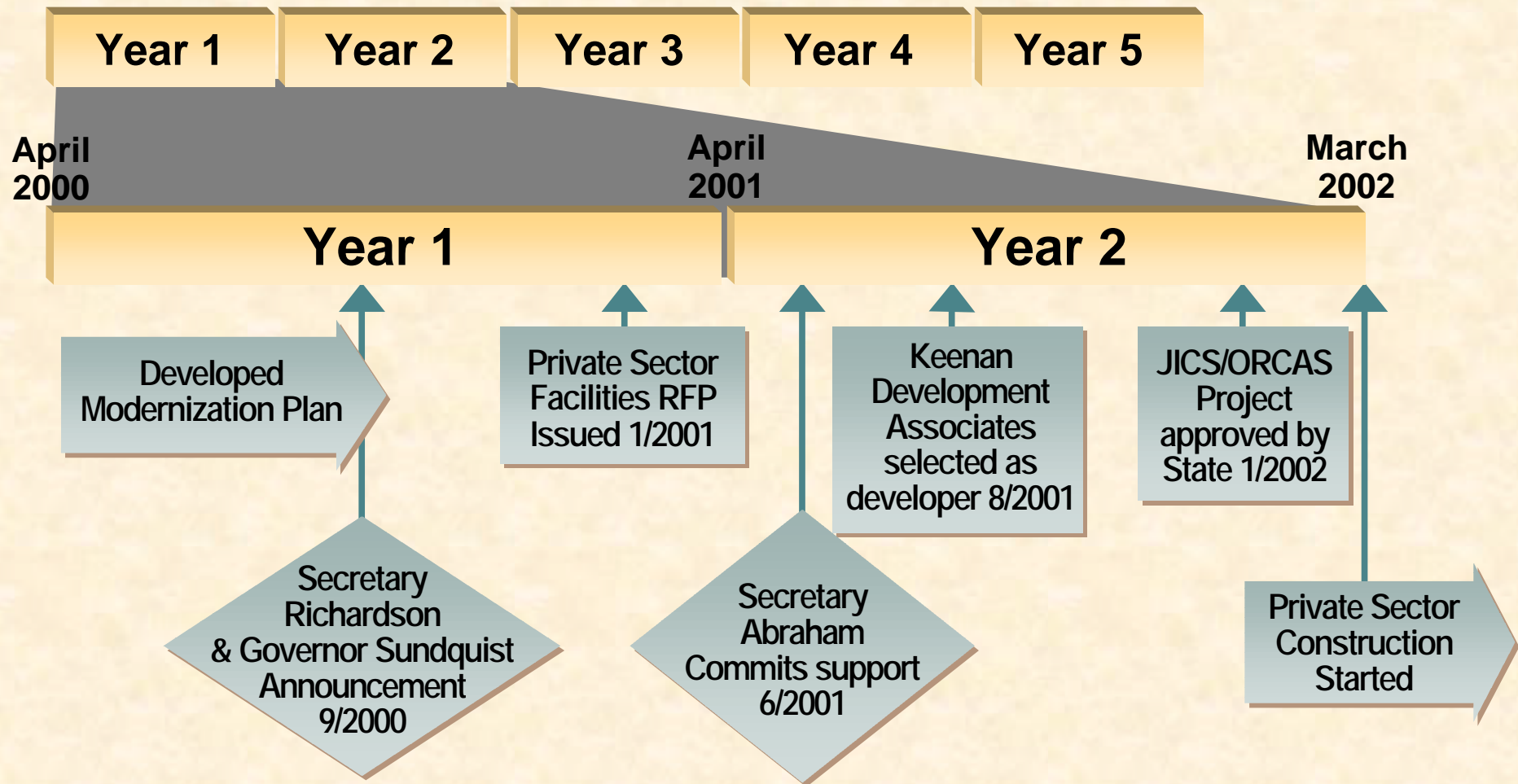
Real progress is being made in securing funding



Modernization of Oak Ridge National Laboratory



Five year modernization plan is on track



ORNL East Campus



ORNL East Campus

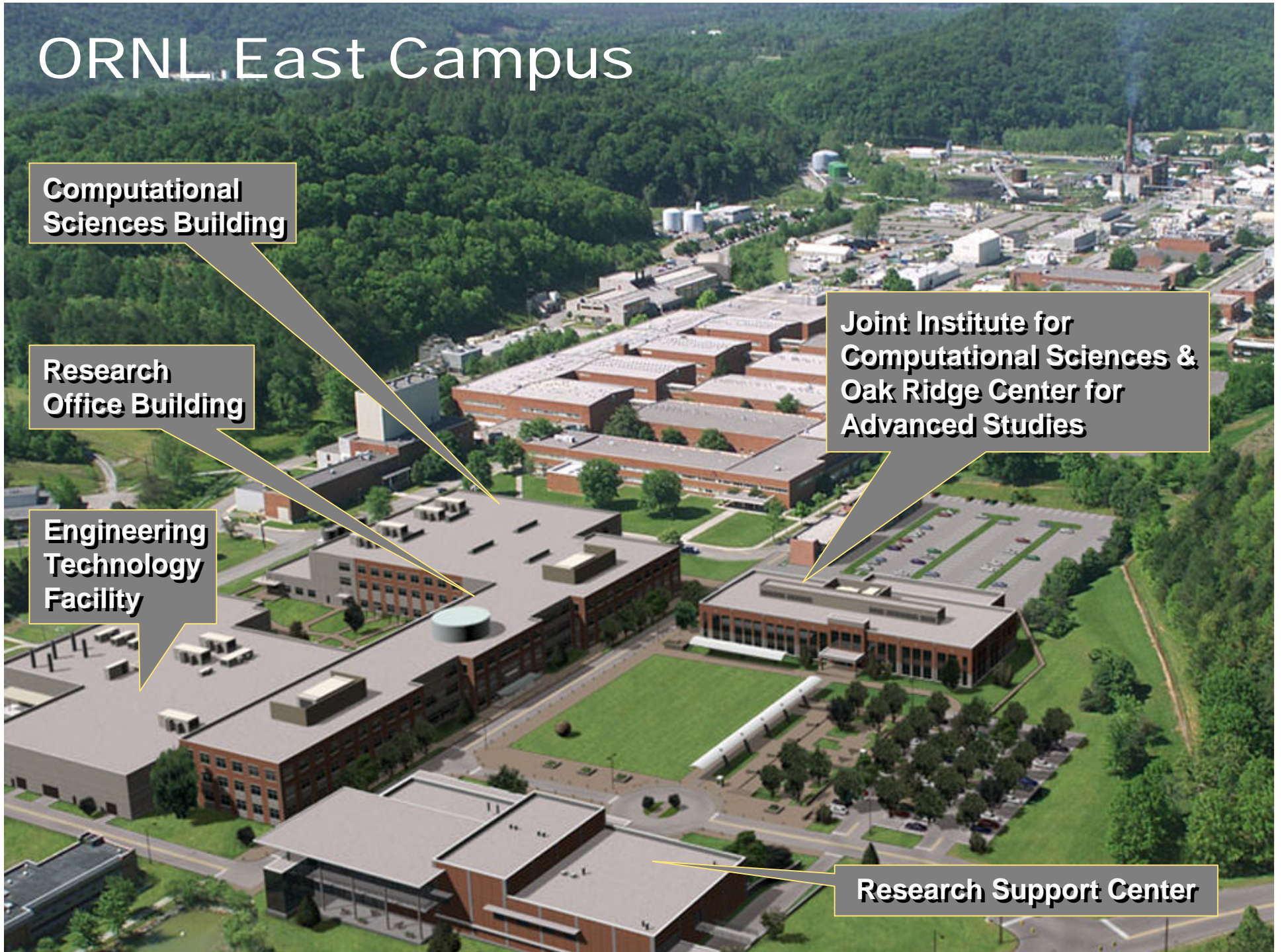
**Computational
Sciences Building**

**Research
Office Building**

**Engineering
Technology
Facility**

**Joint Institute for
Computational Sciences &
Oak Ridge Center for
Advanced Studies**

Research Support Center



The mechanics of the private sector deal

Investments utilizing third party financing required us to address . . .

Two Issues:

Acquire land and make *long-term commitment* to developer/banker

Land:

DOE transfers via “quit claim deed” to UT-Battelle Development Corp

Commitment:

Financial commitments beyond DOE’s lease cancellation provision and beyond term of contract were required

DOE asked three basic questions regarding use of private sector investment

1 Financial Risk:

How is the long term financial risk for private sector construction addressed?

2 Fairness of Price:

How is the government assured that costs will be at fair market prices?

3 Cost to DOE:

Will this approach involving private sector construction result in higher cost to DOE?

Project Vitals

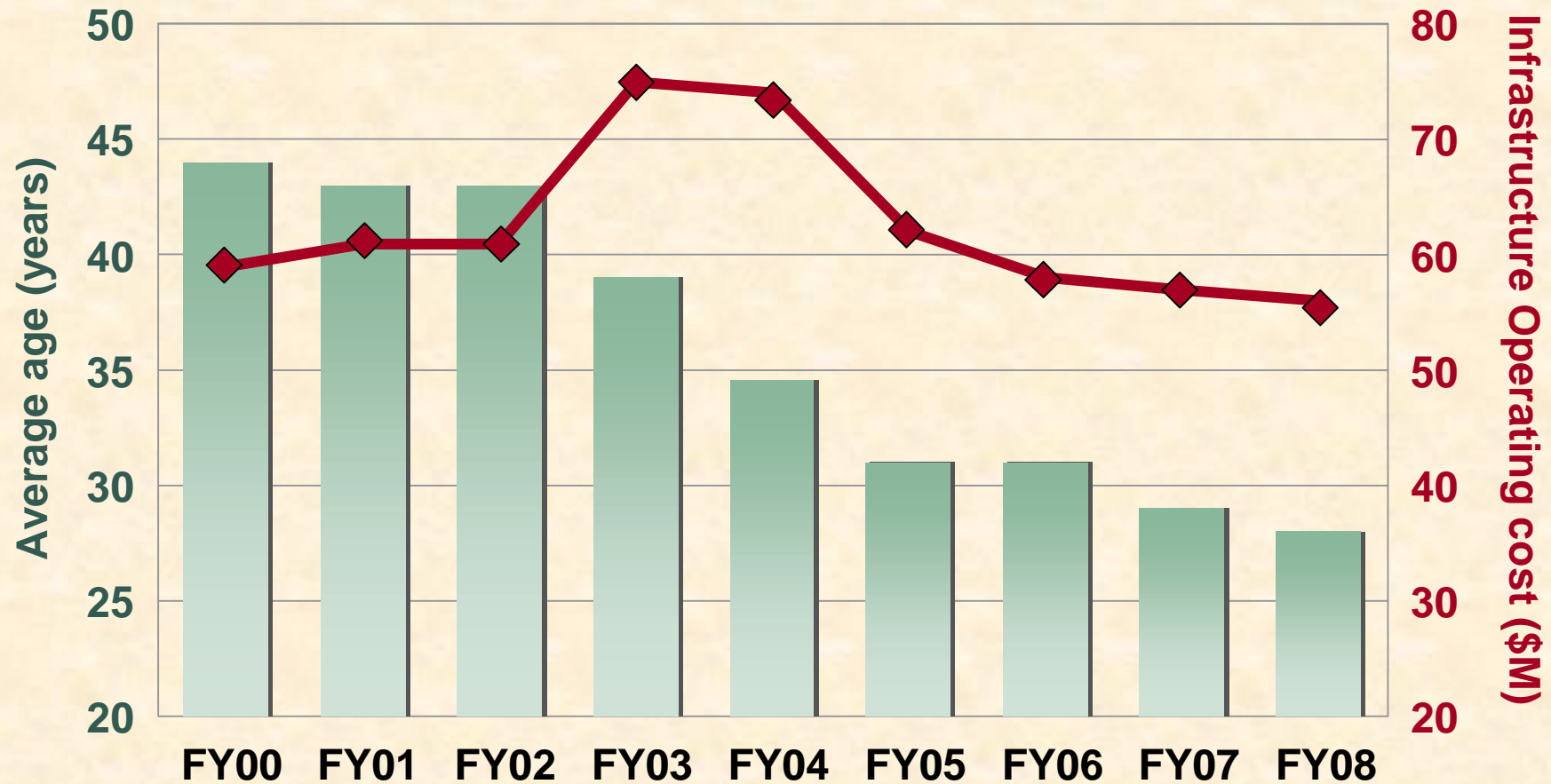
- **\$70.9M TPC**
- **Construction start (3/02) and ends (8/03)**
- **Taxable lease back revenue bonds**
- **Mature 2028**
- **Interest rate is 8%**
- **Lease payments**
 - \$6.5M for years 1 - 5
 - \$6.9M for years 6 - 25



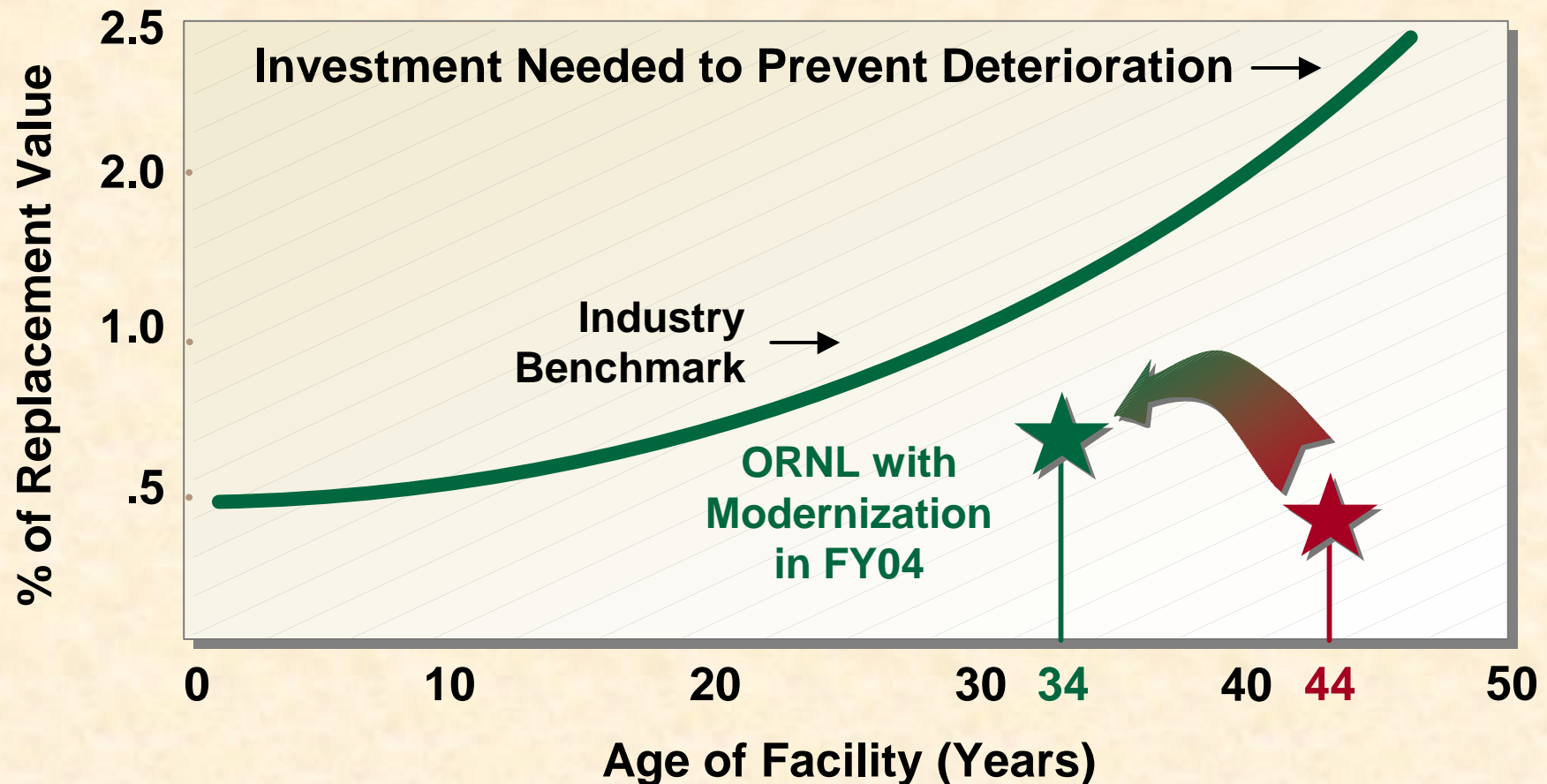
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UT-BATTELLE

New facilities will strengthen ORNL without increasing operating costs



Our modernization strategy will also improve our maintenance effort



In summary . . .

- **We have strong DOE and stakeholder support**
- **The facilities are essential to accomplishing DOE mission objectives and are integral to the future of ORNL**
- **The facilities enable a reduction in operating costs, lease costs paid from existing overhead budgets**
- **We have started consolidation and disposal of old facilities as well as construction of new support facilities**

March 7, 2002



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